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PROGRAMME BUDGET FOR THE BIENNIUM 1994-1995

United Nations telecommunications system

Report of the Secretary-General

I. INTRODUCTION

A. Satellite telecommunications network

1. The proposal of the Secretary-General to upgrade the United Nations satellite telecommunications network, contained in documents A/C.5/48/11/Rev.1 and Corr.1 entitled "United Nations telecommunications system", was presented to the General Assembly at its forty-eighth session.

2. The objective of the satellite network proposal is to provide reliable, economic and secure international telecommunications services, capable of supporting global operations 24 hours a day, seven days a week. The network will provide a common coordinated communications infrastructure for the United Nations (including peace-keeping and other field operations) and the specialized agencies. The backbone satellite network would be the foundation for the development of a United Nations global telecommunications network.

3. A feasibility study by the United Nations, in close consultation with the International Telecommunication Union (ITU), advocated the implementation of a backbone satellite network. Subsequently, the engineering design of the network was completed; this forms the basis of the international bidding process for the supply of the proposed satellite backbone network and associated control equipment.

4. The proposed backbone satellite network project would initially consist of eight fixed satellite Earth stations. One Earth station would be located at the following regional commissions: the Economic Commission for Africa (ECA), the Economic Commission for Latin America and the Caribbean (ECLAC), the Economic

and Social Commission for Asia and the Pacific (ESCAP) and the Economic and Social Commission for Western Asia (ESCWA). An Earth station would also be installed at the United Nations Office at Nairobi. The existing New York Earth station would be upgraded to serve as the primary hub and house the network control centre. Two co-located Earth stations, comprising the second hub, would be installed in Europe, one operating on an Atlantic Ocean region satellite of the International Telecommunications Satellite Organization (INTELSAT) and the other operating on an Indian Ocean region satellite. The European hub would also serve as a collection centre for all United Nations European traffic. The network would have the capabilities of supporting very small aperture stations (VSAT) as and where required.

5. When fully operational, this integrated infrastructure would achieve projected biennial cost savings of over $7,750,000 over the current system.

B. General Assembly resolution 48/262

6. By its resolution 48/262 of 14 July 1994, the General Assembly approved the proposal to establish a European hub station, to be situated at the most cost-effective location, and the proposal to upgrade the New York Earth station with only essential associated works within existing resources. The Assembly requested the Secretary-General to submit a report, inter alia, setting out alternative ways of implementing the proposals contained in documents A/C.5/48/11/Rev.1 and Corr.1, and considering all aspects, including legal considerations, related to the establishment, operation and maintenance of a global telecommunications system.

7. The present report presents the status of the competitive bidding process for the procurement of the proposed satellite backbone network and associated control equipment. It also sets out the progress made on action requested in General Assembly resolution 48/262, particularly related to the quantitative evaluation of alternative ways of establishing and operating the network.

8. With regard to the remaining issues contained in the resolution, work has begun in the context of several inter-agency groups. It is expected that information on these issues will be included in the report of the Secretary-General to the General Assembly at its fiftieth session on the United Nations telecommunications network. An analysis is also under way of the requirements of the United Nations specialized agencies and proposals for the equitable funding of agency use of the United Nations global network. Recognizing that the establishment of a United Nations global network is developmental and dynamic in nature, and that the proposed backbone satellite network is the foundation, certain aspects, such as the extension of the backbone network facilities and utilization by other agencies, will be ongoing.

II. PROGRESS TO DATE ON THE REQUIREMENTS OF GENERAL ASSEMBLY RESOLUTION 48/262

A. Status of procurement

9. Pursuant to paragraphs 3 and 4 of General Assembly resolution 48/262, an evaluation was made of proposals obtained through international competitive bidding procedures in accordance with the Financial Regulations and Rules of the United Nations and a short list of vendors was selected for the proposed satellite backbone network and associated control equipment. However, the implementation plan at this stage includes the approved European hub Earth stations facilities and the upgrade of the New York Earth station. The Secretary-General also proposes to proceed with the installation of Earth stations at Bangkok and Addis Ababa, for which financial provision has already been approved. Final selection will be completed by the end of 1994.

10. Considering the geographic concentration of the organizations and agencies of the United Nations system, the existing telecommunications infrastructure and operational requirements, Switzerland and Austria have been identified as the two most appropriate and cost-effective sites for the European hub.

11. A formal request for proposal for the accommodation and operation of the European hub Earth stations has been submitted to the Governments of Switzerland and Austria. A final decision will be made by the end of 1994, based on the most economical means of satisfying United Nations operational requirements.

B. Ownership of the United Nations telecommunications network by an outside, private commercial entity

12. The question of private ownership of the United Nations network, as formulated by the General Assembly, involves a number of aspects.

13. One possible option for the United Nations would be to use a telecommunications network owned and operated by an outside, private commercial entity. In this case, the Organization would have to conclude a contract with the private operator, outlining all specific terms and conditions of United Nations use of the network.

14. Under this scenario, the entity itself would have primary responsibility for discharging all relevant obligations under international telecommunications law (registration of radio frequencies, etc.) in accordance with the procedures established in the national legislation of a State on which territory the entity operated.

15. It should also be borne in mind in this connection that telecommunications facilities to be used by the United Nations under this scenario would no longer enjoy the status of "United Nations" facilities. For example, the entity operating those facilities would not be immune from legal process; its property, including facilities used by the Organization under the above contract, would not be inviolable, etc. This change of status might adversely affect such

valuable features of the current United Nations-owned network as its confidentiality.

16. At its Plenipotentiary Conference, held at Nice, France, in 1989, ITU adopted resolution number 50 on the use of the United Nations telecommunications network for the telecommunications traffic of the specialized agencies; the resolution was reaffirmed in resolution COM4/25 (provisional), by ITU at its 1994 Plenipotentiary Conference, held at Kyoto, Japan. The resolution is based on the assumption that the telecommunications network in question would belong to the United Nations. Thus, if ownership of the existing United Nations telecommunications network were to be transferred to an outside entity, the question as to whether and under which terms and conditions the network might carry traffic of the specialized agencies would have to be re-examined by all parties concerned: ITU, the United Nations, the specialized agencies and the new owner of the network.

C. Operation of a United Nations-owned network by an outside, private commercial entity

17. If the United Nations telecommunications network were owned by the Organization, the designation of the operation and/or maintenance of the network would remain an internal affair of the United Nations. In other words, if the Organization believed that, while maintaining ownership of the network, it would be in its best interest to have the network operated and/or maintained by an outside, private commercial entity, the United Nations might enter into a contract with such entity setting out specific terms and conditions under which the system might be operated.

18. Naturally, specific provisions of such a contract would have to be in full accord with all relevant international obligations of the United Nations under applicable agreements in order to ensure that actual operation and/or maintenance of the network would not be in violation of those obligations.

19. Based on the above considerations, private commercial ownership of the network should no longer be considered a viable option, and the following discussion, therefore, addresses only the option of contracting out operation and maintenance of the network under overall United Nations control.

D. Alternative means of operating the United Nations telecommunications network

20. A preliminary study is in progress of the feasibility of contracting out the operation of the United Nations telecommunications network, both in operational and financial terms. To this end, three representative international entities have been surveyed: a telecommunications carrier and operator with a global presence; a commercial consulting and facilities management organization with a strong North American and European presence; and, a not-for-profit international communications service provider. Initial indications are that while contracting out operations may be a feasible option, the number of companies qualified to provide such service is limited.

21. Owing to the complex technical and commercial issues involved in the questions raised in resolution 48/262, analysing the costs and benefits of the various options will involve extensive research. The preliminary results of this exercise will be available by the first quarter of 1995.

22. In addition to analysing the costs and benefits of contracting out the operations at specific duty stations, the alternatives, costs and benefits for the operation of the entire United Nations telecommunications network, including the main network control centres in New York and Europe, will be evaluated. The options to be considered are:

(a) Establishment of comprehensive in-house United Nations staff capabilities;

(b) Augmenting United Nations management and staff by the use of contract staff;

(c) Full contracting out of the responsibility for the operation of the network against defined performance standards.

23. Detailed information in response to these questions will be included in the report of the Secretary-General to the General Assembly at its fiftieth session.

III. CONCLUSION

24. As referred to in paragraph 6 above, in its resolution 48/262, the General Assembly approved the proposal to establish the European hub station and the proposal to upgrade the New York Earth station within existing resources in both the regular budget and the peace-keeping special accounts on a fifty-fifty basis, without creating a precedent for the future financing of the project. In addition, the resources are available under the construction budget to do major upgrading of the telecommunications facilities at ECA in Addis Ababa and at ESCAP in Bangkok. The approved upgrade includes the installation of two Earth stations and related equipment at these duty stations, and the Secretary-General intends to proceed with these installations.

25. Pending a final decision on the most cost-effective means of operating the United Nations telecommunications network, the management and operation of the network will continue to be carried out by existing United Nations staff, augmented as necessary by individual service contracts and general temporary assistance from existing resources. Therefore, no additional resources are requested under the programme budget for the biennium 1994-1995. Approval of additional resource requirements to complete the remaining satellite backbone network will be requested in the context of the proposed programme budget for the biennium 1996-1997, and reflected in the next report of the Secretary-General on this subject.